

PATENT COOPERATION TREATY
PCT
INTERNATIONAL PRELIMINARY REPORT ON PATENTABILITY
(Chapter II of the Patent Cooperation Treaty)
(PCT Article 36 and Rule 70)

Applicant's or agent's file reference 305718083	FOR FURTHER ACTION	See Form PCT/IPEA/416
International application No. PCT/AU2006/001337	International filing date (<i>day/month/year</i>) 13 September 2006	Priority date (<i>day/month/year</i>) 13 September 2005
International Patent Classification (IPC) or national classification and IPC Int. Cl. G06Q 30/00 (2006.01)		
Applicant OZB2B PTY LTD et al		

1. This report is the international preliminary examination report, established by this International Preliminary Examining Authority under Article 35 and transmitted to the applicant according to Article 36.
2. This REPORT consists of a total of 3 sheets, including this cover sheet.
3. This report is also accompanied by ANNEXES, comprising:
 - a. ☒ (*sent to the applicant and to the International Bureau*) a total of 10 sheets, as follows:
 - ☒ sheets of the description, claims and/or drawings which have been amended and are the basis for this report and/or sheets containing rectifications authorized by this Authority (see Rule 70.16 and Section 607 of the Administrative Instructions).
 - ☐ sheets which supersede earlier sheets, but which this Authority considers contain an amendment that goes beyond the disclosure in the international application as filed, as indicated in item 4 of Box No. I and the Supplemental Box.
 - b. ☐ (*sent to the International Bureau only*) a total of (indicate type and number of electronic carrier(s)) , containing a sequence listing and/or table related thereto, in electronic form only, as indicated in the Supplemental Box Relating to Sequence Listing (see Section 802 of the Administrative Instructions).
4. This report contains indications relating to the following items:

<input checked="" type="checkbox"/>	Box No. I	Basis of the report
<input type="checkbox"/>	Box No. II	Priority
<input type="checkbox"/>	Box No. III	Non-establishment of opinion with regard to novelty, inventive step and industrial applicability
<input type="checkbox"/>	Box No. IV	Lack of unity of invention
<input checked="" type="checkbox"/>	Box No. V	Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement
<input type="checkbox"/>	Box No. VI	Certain documents cited
<input type="checkbox"/>	Box No. VII	Certain defects in the international application
<input type="checkbox"/>	Box No. VIII	Certain observations on the international application

Date of submission of the demand 4 July 2007	Date of completion of this report 17 August 2007
Name and mailing address of the IPEA/AU AUSTRALIAN PATENT OFFICE PO BOX 200, WODEN ACT 2606, AUSTRALIA E-mail address: pct@ipaaustralia.gov.au Facsimile No. (02) 6285 3929	Authorized Officer Cade McTaggart AUSTRALIAN PATENT OFFICE (ISO 9001 Quality Certified Service) Telephone No. (02) 6283 7926

Box No. I Basis of the report1. With regard to the **language**, this report is based on:

- ☒ The international application in the language in which it was filed
- ☐ A translation of the international application into, which is the language of a translation furnished for the purposes of:
- ☐ international search (under Rules 12.3(a) and 23.1 (b))
- ☐ publication of the international application (under Rule 12.4(a))
- ☐ international preliminary examination (Rules 55.2(a) and/or 55.3(a))

2. With regard to the **elements** of the international application, this report is based on (*replacement sheets which have been furnished to the receiving Office in response to an invitation under Article 14 are referred to in this report as "originally filed" and are not annexed to this report*):☐ the international application as originally filed/furnished☒ the description:pages **1-3, 9-33** as originally filed/furnishedpages* **4-6** received by this Authority on **26 July 2007** with the letter of **26 July 2007**

pages* received by this Authority on with the letter of

☒ the claims:

pages as originally filed/furnished

pages* as amended (together with any statement) under Article 19

pages* **34-40** received by this Authority on **26 July 2007** with the letter of **26 July 2007**

pages* received by this Authority on with the letter of

☒ the drawings:pages **1-4** as originally filed/furnished

pages* received by this Authority on with the letter of

pages* received by this Authority on with the letter of

☐ a sequence listing and/or any related table(s) - see Supplemental Box Relating to Sequence Listing.3. ☒ The amendments have resulted in the cancellation of:

- ☐ the description, pages 7-8
- ☐ the claims, Nos.
- ☐ the drawings, sheets/figs
- ☐ the sequence listing (*specify*):
- ☐ any table(s) related to the sequence listing (*specify*):

4. ☐ This report has been established as if (some of) the amendments annexed to this report and listed below had not been made, since they have been considered to go beyond the disclosure as filed, as indicated in the Supplemental Box (Rule 70.2(c)).

- ☐ the description, pages
- ☐ the claims, Nos.
- ☐ the drawings, sheets/figs
- ☐ the sequence listing (*specify*):
- ☐ any table(s) related to the sequence listing (*specify*):

5. ☐ This report has been established taking into account the **rectification of an obvious mistake** authorized by or notified to the Authority under Rule 91 (Rule 70.2(e)).

* If item 4 applies, some or all of those sheets may be marked "superseded."

Box No. V Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement**1. Statement**

Novelty (N)	Claims 1-33	YES
	Claims None	NO
Inventive step (IS)	Claims 1-33	YES
	Claims None	NO
Industrial applicability (IA)	Claims 1-33	YES
	Claims None	NO

2. Citations and explanations (Rule 70.7)

D1. WO 2002/021347

D2. WO 2002/029698

D3. US 6718312

D4. EP 1170691

D5. US 2002/0082946

The citations do not disclose the invention as defined in claims 1-33. The claimed invention involves an inventive step. In particular, none of the cited documents alone, or in obvious combination fairly suggest a method and system for conducting an online auction event to establish a contract, conducted between a controlling party and at least two bidding parties. The online auction event including:

- At least two alternative contract options potentially acceptable to the controlling party, wherein at least one of the alternative options involves two or more sub-contracts, each to be awarded in a sub-auction bidding event;
- Allocating, respective bidding party factors to said competing bidding parties, each factor to be applied to bids received from the respective bidding party before comparison with any other bids in a sub-auction bidding event;
- During the online auction event, providing to each bidding party involved in a sub-auction bidding event an option target bid indicating a bid that that party must make to ensure the option in which that sub-auction bidding event is involved is a leading option in the auction event.

The invention as defined in claims 1-33 is industrially applicable.

during the online auction event, the respective bids and the respective contract options involving those bids, and selecting from said alternative contract options to award the contract on the basis of the comparison.

5 The method of the invention can thus be carried out to establish a contract for supply or allocation of goods, services or resources, and finds application in a wide variety of different industries and types of arrangements.

10 It will be understood that, in a situation in which an auction lot may be satisfied by a combination of two or more sub-lots, the resulting contract may thus be a contract arrangement involving a number of successful bidders, all part of the same winning option.

More specifically, the invention provides a method as defined in claim 1.

Further preferred features are defined in claims 2-18.

15 In accordance with the invention, the comparison between different options is carried out in order to automatically select the auction result that gives the best overall value to the controlling party, in other words, the best overall cost once all relevant factors have been applied. It will be understood that the winning option may be a single contract with a single supplier or purchaser, or may be a multi-party contract made up of a number of contracts (or 'subcontracts') with respective different suppliers or purchasers.

20 A sub-auction bidding event thus represents an auction between two or more parties for a particular lot, which may of course be a sub-lot of an overall lot, other sub-lots of that overall lot being the subject of other simultaneous sub-auction events. Hence, a bidder may bid successfully in a particular sub-auction event, but fail to secure a contract if the option in which that sub-auction event is involved is not a winning option. Of course, in the auction event, a particular bidder may choose to bid in more than one option, and/or
25 in more than one sub-auction event.

30 In one embodiment, the auction may involve two or more different combination dimensions, giving rise to different option dimensions. In such a case, further option targets (in addition to said option target bid) may be provided to each bidder during the online auction event, indicating the bid that that party must make to ensure the further option in which that sub-auction bidding event is involved is the leading option in the auction event.

The auction event may relate to a contract for a defined quantity of product(s) or service(s), and the alternative contract options involve at least one combination of smaller quantities of said product(s) or service(s) making up said defined quantity.

It should be noted that, at any particular time, a particular bidding party's option target bid will be the same as the auction target bid if that bidding party is involved in the leading option at that point in time (as determined by the option comparison process).

- 5 The option comparison process therefore provides an automatic real time calculation mechanism whereby the auction process always awards the supply contract on the basis of the best return for the controlling party. This takes into account the respective bidding party factors and the multiple options that are simultaneously being compared.

As mentioned above, each supply contract awarded on its own or may be part of a combination contract, giving rise to multiple contract options.

- 10 In accordance with a further form of the invention, there is provided a system as defined in claim 19.

Further preferred features are defined in claims 20-31.

In accordance with a further form of the invention, there is provided an electronic system as defined in claim 33.

15 **Definition of terms**

- Bidding party factor** – prescribed values set by or on behalf of the controlling parties for all bidding parties. This value is applied to bids received from that party before comparison with any other bid in that sub-auction bidding event, in order to factor relevant bidding party attributes into the process. The bidding party factor may represent
20 any, some or all of a wide range of different attributes, such as quality of goods/services, delivery time, service levels, switching cost, track record, etc). The bidding party factor may be expressed as a percentage, or as a dollar amount representing a relative penalty or discount for that particular bidding party. A bidding party factor may be able to effect change of their bidding party factor (eg. by revising an attribute such as delivery time or
25 payment term), either before or during an auction event, in accordance with rules set by or on behalf of the controlling party.

Contract option – from at least two alternatives, an option pre-approved by or on behalf of the controlling party, that will satisfy the RFQ. Each contract option will involve at least one sub-auction bidding event.

- 30 **Option factor** – prescribed values optionally set by or on behalf of the controlling parties for each contract option. If set and activated, this value is used to compare the different options during the auction event (or, more properly stated, to compare the leading factored bids or factored bid combinations between the different options), and represents a relative penalty or trade-off between the options. It may be expressed as a percentage

or as a dollar amount representing a relative penalty or discount for that particular contract option. If there is only a single sub-auction bidding event involved in an option,

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The next page is page 9.

Claims

1. A method for conducting an online auction event to establish a contract, the event conducted between a controlling party and at least two parties from a prescribed panel of qualified competing bidding parties, each competing bidding party operating a bidding
5 computer, the online auction event including at least two alternative contract options potentially acceptable to said controlling party, the online auction event conducted by receiving bids from respective bidding computers, automatically comparing, during the online auction event, the respective bids and the respective contract options involving those bids, and selecting from said alternative contract options to award the contract on
10 the basis of the comparisons, wherein at least one of said alternative contract options involves two or more subcontracts, each subcontract to be awarded in a sub-auction bidding event, the method including the steps of:

allocating, by or on behalf of the controlling party, respective bidding party factors to said competing bidding parties, each factor to be applied to bids received from the
15 respective party's bidding computer before comparison with any other bid in a sub-auction bidding event;

conducting the online auction event by conducting all the sub-auction bidding events simultaneously and applying said respective bidding party factors to bids received from said bidding computers for comparison during the auction event between the
20 different bids and between the different options; and

during the online auction event, providing to each bidding computer of parties involved in a sub-auction bidding event an option target bid (*OTB*) indicating a bid that that party must make to ensure the option in which that sub-auction bidding event is involved is a leading option in the auction event.

25 2. The method of claim 1, further including the step of, during the online auction event, providing to each bidding computer of parties involved in a sub-auction bidding event a lot target bid (*LTB*) indicating the bid that that party must make to be the leading bid in that sub-auction bidding event.

3. The method of claim 1 or claim 2, further including the steps of:

30 allocating, by or on behalf of the controlling party, respective option factors to said contract options, each option factor to be applied to calculations with respect to the associated contract option before comparison with any other contract option; and

during the online auction event, also applying said respective option factors to bids received from said bidding computers for comparison during the auction event
35 between the different bids and between the different options.

4. The method of any preceding claim, wherein the comparison between different contract options is carried out by comparing leading factored bids, and/or leading combinations of factored bids in the respective sub-auction bidding events, between the different options.
5. The method of any preceding claim, wherein said OTB is calculated by the steps of:
- comparing the competing contract options;
 - establishing, in accordance with that comparison, a bid or bid combination representing a leading option in the auction event; and
 - calculating, on the basis of that leading option, an option target bid for each bidding party involved in other sub-auction bidding events by applying the bidding party factors and a minimum bid increment or decrement.
6. The method of claim 5, including the step of:
- allocating, by or on behalf of the controlling party, respective option factors to said contract options, each option factor to be applied to calculations with respect to a contract option before comparison with other contract options;
 - wherein said respective option factors are also used to calculate, on the basis of said leading option, the OTB for each bidding party involved in said other sub-auction bidding events.
7. The method of claim 2, wherein said LTB is calculated by the steps of:
- comparing, in a sub-auction bidding event, received bids from the competing bidding parties to which bids said bidding party factors have been applied;
 - establishing, in accordance with that comparison, a leading bid in that sub-auction bidding event; and
 - applying the bidding party factors and a minimum bid increment or decrement to said leading bid to arrive at a target bid for each bidding party in that sub-auction bidding event.
8. The method of any preceding claim, including the steps of:
- specifying, by or on behalf of said controlling party, a contribution weighting for each subcontract relative to the overall contract of that contract option;
 - during the online auction, providing to each bidding computer of the competing bidding parties in a sub-auction event involved in that contract option, a contribution

target bid (CTB) indicating a bid that that party must make to contribute fairly to the chances of success of that option.

9. The method of claim 8, wherein said CTB is calculated by the steps of:

comparing competing contract options;

5 establishing, in accordance with that comparison, a bid or bid combination representing a leading option in the auction event; and

calculating, on the basis of that leading option, a contribution target bid for each bidding party involved in other sub-auction bidding events by applying the contribution weighting, the bidding party factors and a minimum bid increment or decrement.

10 10. The method of claim 9 insofar as dependent on claim 6, wherein said respective option factors are also used to calculate, on the basis of the leading option, a CTB for bidding parties involved in said other sub-auction bidding event.

11. The method of any preceding claim, wherein the event is a reverse-type auction, said controlling party is a buyer and said competing bidding parties are sellers.

15 12. The method of any one of claims 1 to 10, wherein the event is a forward-type auction, said controlling party is a seller and said competing bidding parties are buyers.

13. The method of any preceding claim, wherein, during the auction event, each target bid provided to each bidding computer is accompanied with an indicator to indicate whether or not that bidder presently holds the leading bid in respect of that target.

20 14. The method of claim 13, wherein, during the auction event, each target bid provided to each bidding computer is accompanied with an indicator to indicate whether or not that bidder presently holds a bid in a leading option.

15. The method of any preceding claim, wherein the auction event relates to a contract for a defined quantity of product(s), service(s) or resource(s), and the alternative contract
25 options involve at least one combination of smaller quantities of said product(s) or service(s) making up said defined quantity.

16. The method of any preceding claim, wherein the online auction event is carried out over a computer network comprising said bidding computers and an auction administrator computer operated by or on behalf of said controlling party, the auction
30 administrator computer applying said respective factors with respect to bids received from said bidding computers and making the comparisons during the auction event between the different bids received and between the different options.

17. The method of claim 2 or any preceding claim dependent thereon, wherein only a bid that satisfies said LTB can be received from a bidding party computer.

18. The method of any preceding claim, wherein only a bid that satisfies the OTB can be received from a bidding party computer.

5 19. A computer-based system for conducting an online auction event to establish a contract, the event conducted between a controlling party and at least two parties from a prescribed panel of qualified competing bidding parties, each competing bidding party operating a bidding computer, the online auction event including at least two alternative contract options potentially acceptable to said controlling party, the system including
10 means to receive bids from respective bidding computers, means for automatically comparing, during the online auction event, the respective bids and the respective contract options involving those bids, and means for selecting from said alternative contract options and for providing notification regarding award of the contract on the basis of the comparisons, wherein at least one of said alternative contract options involves
15 two or more subcontracts, each subcontract to be awarded in a sub-auction bidding event, the system including:

means for allocating, by or on behalf of the controlling party, respective bidding party factors to said competing bidding parties, each factor to be applied to bids received from the respective party's bidding computer before comparison with any other bid in a
20 sub-auction bidding event;

means for conducting the online auction event by conducting all the sub-auction bidding events simultaneously and applying said respective bidding party factors to bids received from said bidding computers for comparison during the auction event between the different bids and between the different options; and

25 means for, during the online auction event, providing to each bidding computer of parties involved in a sub-auction bidding event an option target bid (OTB) indicating a bid that that party must make to ensure the option in which that sub-auction bidding event is involved is a leading option in the auction event.

20. The system of claim 19, further including means for, during the online auction
30 event, providing to each bidding computer of parties involved in a sub-auction bidding event a lot target bid (LTB) indicating the bid that that party must make to be the leading bid in that sub-auction bidding event.

21. The system of claim 19 or 20, further including:

means for allocating, by or on behalf of the controlling party, respective option factors to said contract options, each option factor to be applied to calculations with respect to the associated contract option before comparison with any other contract option; and

5 means for, during the online auction event, also applying said respective option factors to bids received from said bidding computers for comparison during the auction event between the different bids and between the different options.

22. The system of any one of claims 19 to 21, including means for carrying out the comparison between different contract options by comparing leading factored bids,
10 and/or leading combinations of factored bids in the respective sub-auction bidding events, between the different options.

23. The system of any one of claims 19 to 22, including calculating means for calculating said OTB, comprising means configured for:

comparing competing contract options;

15 establishing, in accordance with that comparison, a bid or bid combination representing a leading option in the auction event; and

calculating, on the basis of that leading option, an option target bid for each bidding party involved in other sub-auction bidding events by applying the bidding party factors and a minimum bid increment or decrement.

20 24. The system of claim 23, including:

means for allocating, by or on behalf of the controlling party, respective option factors to said contract options, each option factor to be applied to calculations with respect to a contract option before comparison with other contract options;

25 wherein said respective option factors are also used to calculate, on the basis of said leading option, the OTB for bidding parties involved in said other sub-auction bidding events.

25. The system of claim 20, including:

calculating means for calculating said LTB, comprising means configured for:

30 comparing, in a sub-auction bidding event, received bids from the competing bidding parties to which bids said bidding party factors have been applied;

establishing, in accordance with that comparison, a leading bid in that sub-auction bidding event; and

applying the bidding party factors and a minimum bid increment or decrement to said leading bid to arrive at a target bid for each bidding party in that sub-auction bidding event.

26. The system of any one of claims 19 to 25, including:

5 means for specifying, by or on behalf of said controlling party, a contribution weighting for each subcontract relative to the overall contract of that contract option;

means for, during the online auction, providing to each bidding computer of the competing bidding parties in a sub-auction event involved in that contract option, a contribution target bid (CTB) indicating a bid that that party must make to contribute
10 fairly to the chances of success of that option.

27. The system of claim 26, including calculating means for calculating said CTB, comprising means configured for:

comparing competing contract options;

15 establishing, in accordance with that comparison, a bid or bid combination representing a leading option in the auction event; and

calculating, on the basis of that leading option, a contribution target bid for each bidding party involved in other sub-auction bidding events by applying the contribution weighting, the bidding party factors and a minimum bid increment or decrement.

28. The system of any one of claims 19 to 27, including means for providing to each
20 bidding computer, during the auction event, an indicator to indicate whether or not that bidder presently holds the leading bid in respect of that target.

29. The system of claim 28, including means for providing to each bidding computer, during the auction event, an indicator to indicate whether or not that bidder presently holds a bid in a leading option.

25 30. The system of any one of claims 19 to 29, including an auction administrator computer operated by or on behalf of said controlling party, connected by way of a computer network with said bidding computers, the online auction event carried out over said computer network, wherein the auction administrator computer is configured to apply said respective factors with respect to bids received from said bidding computers
30 and make the comparisons during the auction event between the different bids received and between the different options.

31. The system of any one of claims 19 to 30, including means to prevent a bid that does not satisfy said LTB being received from a bidding party computer.

32. The system of claim 20 or any one of claims 21 to 31 dependent thereon, including means to prevent a bid that does not satisfy said OTB being received from a bidding party computer.

33. An electronic system for conducting an online auction event to establish a contract,
5 the event conducted between a controlling party and at least two parties from a prescribed panel of qualified competing bidding parties, each competing bidding party operating a bidding computer, the online auction event including at least two alternative contract options potentially acceptable to said controlling party,

10 wherein the system includes an auction administrator computer operated by or on behalf of said controlling party, connected by way of a computer network with said bidding computers, the online auction event carried out over said computer network, wherein the auction administrator computer includes:

bid receiving means to receive bids from respective bidding computers;

15 comparison means to automatically compare the respective bids and the respective contract options involving those bids;

20 target bid provision means to, during the online auction event, provide to each bidding computer for display to the respective bidding party a lot target bid indicating a bid that that party must make to be the leading bid in a sub-auction bidding event in which that party is involved, and an option target bid indicating a bid that that party must make to ensure the option in which that sub-auction bidding event is involved is a leading option in the auction event; and

selection means to automatically select from said alternative contract options and to provide notification regarding award of the contract on the basis of the comparisons.